

COMMONWEALTH GRANTS COMMISSION

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COMMONWEALTH GRANTS COMMISSION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Commonwealth Grants Commission (the Commission) operates under the *Commonwealth Grants Commission Act 1973*. It is a statutory authority whose role is to provide advice to the Australian Government in response to terms of reference.

The main subject on which the advice is sought is the allocation among the States of the goods and services tax (GST) revenue. Terms of reference for these inquiries are decided by the Australian Government in consultation with the States. The reports are considered at a meeting of the Council on Federal Financial Relations.

From time to time, the Commission is also asked to report on the finances of Australia's external territories, local government matters and the financing of services for Indigenous people. Terms of reference for those inquiries are developed by relevant Australian Government entities and the reports are considered by their Ministers.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources for the Commission.

Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15</i> \$'000	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)	2,200	2,965	-	2,965
Departmental appropriation (c)	6,399	-	6,307	6,307
Total	8,599	2,965	6,307	9,272
Total ordinary annual services	8,599	2,965	6,307	9,272
Total available annual appropriations	8,599	2,965	6,307	9,272
Total net resourcing for the Commission	8,599	2,965	6,307	9,272

(a) Appropriation Bill (No. 1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$0.1m for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

The Commission has no Budget measures.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programmes are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The Commission's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme key performance indicators used to assess and monitor the performance of the Commission.

Outcome 1: Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants

Note: Recent terms of reference for the Commission have not required advice and recommendations on health care grants.

Outcome 1 strategy

The Commission's strategy is based on its role to provide advice to the Australian Government in response to terms of reference. Five-yearly reviews of the methods used to calculate the recommended State shares of GST revenue is the major activity associated with this outcome. The last five-year review was completed in February 2015. Between these reviews the shares are updated annually using the most recent data. The last update was completed in February 2014.

The Commission will continue with this strategy in the current budget year and the forward years.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue.	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 1.1: Commonwealth Grants Commission		
Departmental expenses		
Departmental appropriation (a)	6,336	6,243
Special appropriations		
Special accounts		
Expenses not requiring appropriation in the Budget year (b)	111	112
Total for programme 1.1	6,447	6,355
Total expenses for Outcome 1	6,447	6,355
	2014-15	2015-16
Average staffing level (number)	36	36

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74).

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, makegood expenses and audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Programme 1.1: Commonwealth Grants Commission

Programme objective

The Commission makes recommendations which are considered by Government on the distribution of the GST pool.

Table 2.2: Programme expenses

There are no significant changes to estimates across the forward years.

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental items	6,447	6,355	6,269	6,304	6,340
Total programme expenses	6,447	6,355	6,269	6,304	6,340

Programme 1.1 deliverables

The Commission makes recommendations to Government on the distribution of the GST pool.

Completion of the *Report on GST Revenue Sharing Relativities – 2015 Review* for consideration by the Council on Federal Financial Relations.

Programme 1.1 key performance indicators

The major effectiveness indicators are the quality of the Commission's research, the accuracy of its calculations and the acceptance of the results it presents to government.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Commission does not have any administered funds.

3.1.2 Special accounts

The Commission does not have any special accounts.

3.1.3 Australian Government Indigenous expenditure

The Commission does not have any Australian Government Indigenous expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

There are no material differences between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

3.2.2 Analysis of budgeted financial statements

The financial statements have been prepared on an Australian Accounting Standards basis.

The Commission normally receives a relatively steady level of funding and its workload and expenses vary over a five year cycle.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	4,900	5,000	5,100	5,100	5,100
Suppliers	1,467	1,274	1,104	1,141	1,177
Depreciation and amortisation	80	81	65	63	63
Total expenses	6,447	6,355	6,269	6,304	6,340
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services					
Total own-source revenue	-	-	-	-	-
Gains					
Sale of assets					
Other	31	31	31	31	31
Total gains	31	31	31	31	31
Total own-source income	31	31	31	31	31
Net cost of/(contribution by) services	6,416	6,324	6,238	6,273	6,309
Revenue from Government	6,336	6,243	6,173	6,210	6,246
Surplus/(deficit) attributable to the Australian Government	(80)	(81)	(65)	(63)	(63)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus					
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(80)	(81)	(65)	(63)	(63)
Total comprehensive income/(loss) attributable to the Australian Government	(80)	(81)	(65)	(63)	(63)
Note: Impact of net cash appropriation arrangements					
	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	80	81	65	63	63
Total comprehensive income/(loss) - as per the statement of comprehensive income	(80)	(81)	(65)	(63)	(63)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	116	116	116	116	116
Trade and other receivables	2,978	2,978	2,978	2,978	2,978
Other financial assets	49	49	49	49	49
Total financial assets	3,143	3,143	3,143	3,143	3,143
Non-financial assets					
Land and buildings	112	112	112	112	112
Property, plant and equipment	132	115	113	113	113
Total non-financial assets	244	227	225	225	225
Assets held for sale					
Total assets	3,387	3,370	3,368	3,368	3,368
LIABILITIES					
Payables					
Suppliers	213	213	213	213	213
Total payables	213	213	213	213	213
Provisions					
Employee provisions	1,573	1,573	1,573	1,573	1,573
Other provisions	216	216	216	216	216
Total provisions	1,789	1,789	1,789	1,789	1,789
Total liabilities	2,002	2,002	2,002	2,002	2,002
Net assets	1,385	1,368	1,366	1,366	1,366
EQUITY*					
Parent entity interest					
Contributed equity	705	769	832	895	958
Reserves	343	343	343	343	343
Retained surplus (accumulated deficit)	337	256	191	128	65
Total parent entity interest	1,385	1,368	1,366	1,366	1,366
Total Equity	1,385	1,368	1,366	1,366	1,366

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	337	343	-	705	1,385
Adjusted opening balance	337	343	-	705	1,385
Comprehensive income					
Surplus/(deficit) for the period	(81)				(81)
Total comprehensive income	(81)	-	-	-	(81)
Transactions with owners					
Contributions by owners					
Departmental Capital Budget (DCB)	-	-	-	64	64
Sub-total transactions with owners	-	-	-	64	64
Closing balance attributable to the Australian Government	256	343	-	769	1,368

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,336	6,243	6,173	6,210	6,246
Total cash received	6,336	6,243	6,173	6,210	6,246
Cash used					
Employees	4,900	5,000	5,100	5,100	5,100
Suppliers	1,436	1,243	1,073	1,110	1,146
Total cash used	6,336	6,243	6,173	6,210	6,246
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	63	64	63	63	63
Total cash used	63	64	63	63	63
Net cash from/(used by) investing activities	(63)	(64)	(63)	(63)	(63)

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June) (continued)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
FINANCING ACTIVITIES					
Cash received					
Contributed equity	63	64	63	63	63
Total cash received	63	64	63	63	63
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	63	64	63	63	63
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	116	116	116	116	116
Cash and cash equivalents at the end of the reporting period	116	116	116	116	116

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	63	64	63	63	63
Total new capital appropriations	63	64	63	63	63
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	63	64	63	63	63
Total Items	63	64	63	63	63
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	63	64	63	63	63
TOTAL	63	64	63	63	63
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	63	64	63	63	63
Total cash used to acquire assets	63	64	63	63	63

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	L&B, IP&E held for sale \$'000	Other \$'000	Total \$'000
As at 1 July 2015						
Gross book value	-	962	-	-	-	962
depreciation/amortisation and impairment	-	(718)	-	-	-	(718)
Opening net book balance	-	244	-	-	-	244
Capital asset additions						
Estimated expenditure on new or replacement assets						
By purchase - appropriation ordinary annual services (a)	-	64	-	-	-	64
Total additions	-	64	-	-	-	64
Other movements						
Depreciation/amortisation expense	-	(81)	-	-	-	(81)
Total other movements	-	(81)	-	-	-	(81)
As at 30 June 2016						
Gross book value	-	1,026	-	-	-	1,026
Accumulated depreciation/amortisation and impairment	-	(799)	-	-	-	(799)
Closing net book balance	-	227	-	-	-	227

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2015-16 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

